

MARKETING IN ECONOMIC DEVELOPMENT: A SEARCH FOR DEVELOPING ECONOMIES

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Abstract

Diversity and limited nature of marketing outlets have given room to multiplicity of middlemen, institutions and local markets with high cost per unit of marketing. The long-run syndrome problem creates mass markets of the farmers which is a formidable task. On the line, this formidable task cannot be achieved without marketing increasing the productivity and purchasing power of the farmers. This implies that marketing is better than the traditional trader approach. It therefore, solicits for creation of a system linking economic resources and capacities that are present in the economy for efficient production that satisfies needs and wants of individuals and stimulates economic development and growth. By integrating the markets, the system opens the way for setting up of standards, specifications and qualities of products on the producers. It remunerates the efficient and penalizes the offender. The marketing system is not only important in domestic markets, it assumes greater role in international markets.

Keywords: importance of marketing, market context system development approach, marketing planning, under development of marketing

Introduction

Functional marketing is the most neglected area of management in developing economies that are predominantly primary producing. Ezeokafor (2006) observed in Drucker (1968) that emphasis is always given to the glamorous fields of manufacturing or construction at the expense of marketing. Despite misconception which creates gap between production and income. Marketing provides awareness among the traditional and transit farmers in mitigating production and income and at the same time enhances purchasing power of the farmers. The role marketing plays within the framework of developing countries is very important in short and long-time syndrome. it is not only productivity and incomes are low among the transitional and traditional farmers, there is also such ineffective use of available materials. It has been observed that developing country marketing techniques and their institutions are backward, ineffective and inefficient (Arif, 1968) but the veracity and paucity of marketing outlets, such as middlemen, institutions and agencies worsen high cost per marketing unit. These come about because of limited nature and veracity of marketing outlets due to waste, spoilage, pilferage and accumulation of unusable inventories.

According to Arif (1968) marketing becomes important when it rescues the plight of farmers through provision of modern input, credit facilities, extension services, modern techniques, financial inclusion and best practice in modern farming technology during and after farming and thereafter during and after harvesting season. Post-harvest management is very important. Therefore, the need to link the rural to urban population becomes very necessary through a round trip of efficient and effective channel in an effort to satisfying individual and corporate needs and wants of consumers.

Most developing economies are primary producing. The diversity and limited nature of marketing outlets have given rise to absence of value chain in marketing of developing economies. The essence of marketing produce is to enhance productivity and purchasing power of farmers. But this cannot be achieved in the midst of high cost of marketing. Marketing plays a noble role in the framework of developing countries in both short and long run. Apparently, their productivity and income are low and their marketing techniques and institutions are backward. This study tends to correct this situation by advancing the knowledge and techniques of marketing to pool the developing countries from this marketing anemia. Hence, the diversity and limited nature of marketing outlets in developing economy inhibit marketing efforts of farmers in developing economy.

The study tends to create an economic system that links resources, capacities and probabilities for efficient and effective output to satisfy corporate and individual needs and wants of consumers through marketing in developing countries. This can only be achieved by setting up enabling marketing environment from farm to consumers, institutions and corporate bodies just like axiom “from lab to farm”.

Literature Review

Importance of Marketing

The paper suggests a move away from the traditional view of marketing which sees it as being internalized, although it may be critical only to firms that do most of their product development. This may however take place in different contexts between a firm and its buyer/supplier where the focus of product development work is the inter-firm relationship. It can also take place between an organization and its wider network when the product is being developed among a group of partners (O’Dwyer & O’Toole, 1998).

Contributing in Craig and Hart (1992) in a review of research on product development in Japan, the United States and Europe, O’Dwyer and O’Toole (1998), identified new product development activity as critical to company survival. Further, in a similar review on the marketing of research and development, Griffin and Hauser (1996) argued that management of marketing often linked to successful new products.

The rule of the game according to O’Dwyer and O’Toole (1998) as contained in Beltramini (1996) is for marketing to identify and assess customer needs while research and development (R&D) helps to develop the new technological levels of performance that meet the needs of would be customers. Working together, marketing and R&D brings the organization’s capabilities to bear on developing products that deliver benefits that meet or exceed customer needs (Beltramini, 1996). Further, Larson (1988) posited that benefits of such functional co-ordination include the reduction of the development cycle time and closer communication so that potential problems are detected early and result in cost saving.

However, R&D does not work alone; it has to work in unison with the market in order to realize the desired goals. While innovative firms are not only the ones to bring the best technological output, they are the ones that know the marketable outputs. Hence, in order to avoid failure, marketing and R&D in the new product process should be integrated to avoid over design, over-price or radically advanced products with little customer value (Gupta, Raj & Wilemon, 1987). This discussion becomes very necessary to relate the past from the present and to have informed decision for further improvement.

Market Context System Development Approach

Market Systems Development (MSD) Approach in marketing is a pilot project in Bangladesh called

“Katalyst” project. The MSD is exemplified because of its range of high population coverage of small farmers and entrepreneurs that generated an increase in their income to the tune of USD 724 million. According to Swiss Agency for Development and Cooperation (SDC) (<http://catalyst.combd/archive/>) the program achieved this “by increasing the competitiveness of participants in rural and urban areas and at the same time by increasing their access to better life and quality services, technology and financial inclusion. As a successful project, “Katalyst pioneered and experimented with the Market Systems Development (MSD) approach from 2002 to March 2018 which proved to be a key factor for its implementation success. One of the projects interventions even won the OECD DAC Prize for Taking Development Innovation to Scale” (<http://catalyst.combd/archive/>).

In particular, the “Katalyst created a market for improved vegetable seeds for poor farmers in Bangladesh. It facilitated the provision of high-quality seeds for the poor affordable mini-packets, which helped increase the income of poor farmers. The break-through came when Katalyst partnered with the two leading seed companies to introduce mini-packets. Seed distributor companies could develop new markets. This success has encouraged more seed companies to adopt this strategy, enhancing sustainability of results. Finally, with this intervention, Katalyst managed to reach 2.4 million farmers in 55 out of 64 districts” in Bangladesh.

According to Swiss Agency for Development and Cooperation (<http://catalyst.combd/archive/>), the starting point of understanding MSD approach are put in four folds. The first is identifying the problems that “the project must develop a very good insight into how the market context systems operate: who are the market actors and how do they operate? Which of the market systems hold the greatest potentials for poor women and men. What are the barriers and root causes why poor people do not benefit from participating in these markets? What may be the incentives of companies to cater for the needs of poor people? The second is “finding novel solutions to overcome the exclusion of poor women and men for viable and sustainable beyond the lifetime of the project. Do they hold potential only for a small number of market actors or can they be expanded to benefit large numbers of people in future? Do new business models have sufficient incentives for all actors involved?

The third is the Katalyst project taking “on a facilitative role. This includes dialogue with stake holders and actors, pointing out and discussing new opportunities that include supporting new linkages between actors from private, public and civil society sectors, who may not have collaborated before. The project will also facilitate learning processes among all actors to evaluate the experience, adapt innovations and develop strategies for expanding the use of new practices in support of a wider system change.

The fourth is the market system that is “dynamic in nature. Actors change, relationships shift, and new opportunities emerge. This requires project management to be adaptive to respond to changes in targeted markets, responds to new opportunities and adjust strategies to learning that emerge throughout the implementation of interventions”. The market context of Market Systems Development is a response to the experience of many development agencies on the ground. Development projects too often lack sustainability and large-scale system wide impacts, particularly with regards to the inclusion of marginalized people in market systems. May it be known however, that MSD approach is not a precise science or rigid methodology. It is an approach that provides a set of principles, frame works and good practices. Further the MSD is an approach to bring rural formers to the main stream of marketing activities, resources and production system through the catalyst program.

Market Context Planning Process

In reality, market context planning process is not the same as anticipated in marketing planning process. This is because the market context is enveloped in economic system of underdevelopment of marginalized poverty-stricken people seeking opportunities for several outlets of markets and financial inclusions. However, there are elements of marketing planning in market context. Some of the fundamentals need to be mentioned as a prelude to market context.

The exercise is helpful in understanding how project will operate in preparing the market plan in the market place. Very often, business entrepreneurs are disorganized in their approach to marketing efforts, hence many fail to achieve their prime opportunities. To avoid this, it could be better instead of self-marketing plan, it could be better to cede the task to consultants. However, the process has three folds? (Durgan, nd): analyzing internal and external environment of the project, emphasizing on a “Unique Selling to point of sales of product and services, and the selection of action plans to reach out to targeted market. In the same manner, a good marketing plan should answer the following questions, what is the situation of the proposed project now? what is the expectation of the project like in the future; how will the goal of the project be assessed? And how will the benchmark of the goals be set? (Durgan, nd).

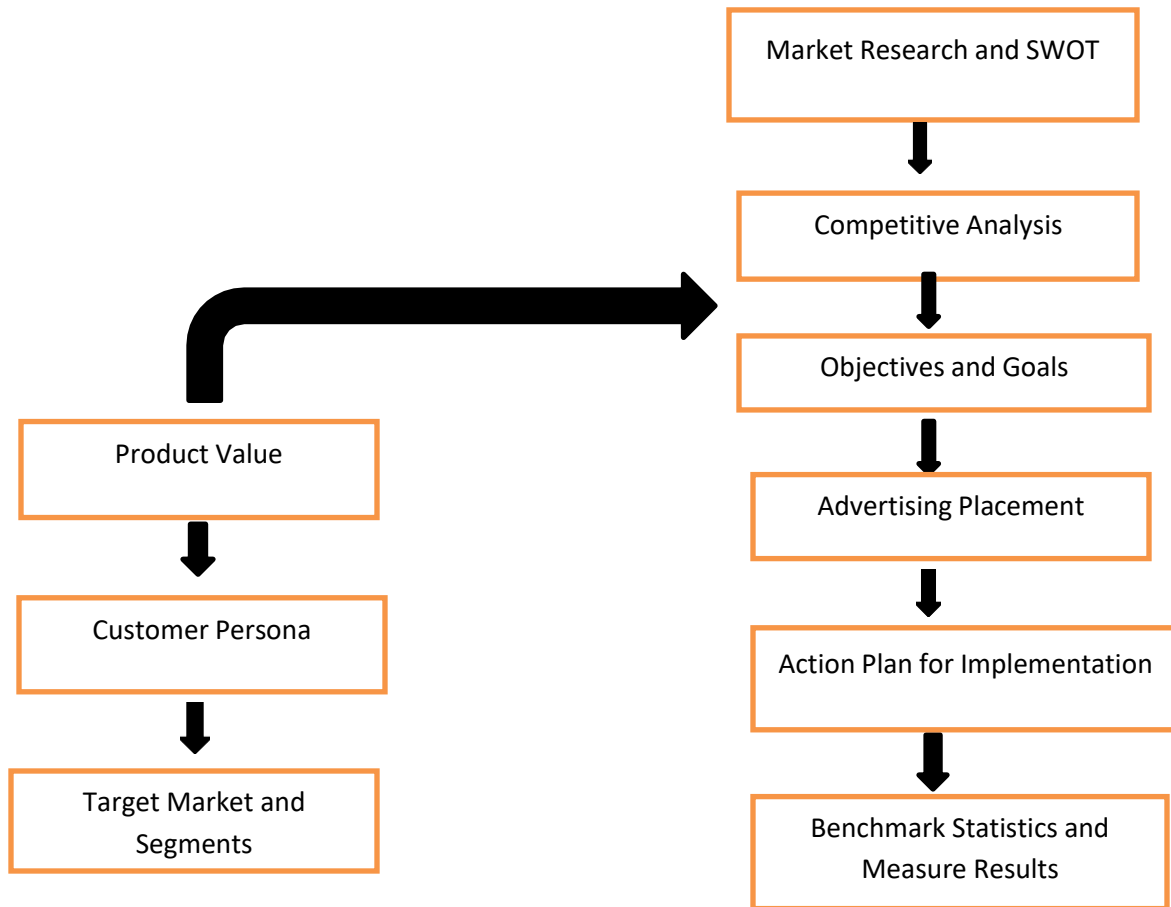


Figure 1: Marketing Planning
Source: Durgan, (nd)

Develop Marketing Strategy: He has gone further to explain the questions one of it is to develop marketing strategy. Marketing plan must be elastic, easy to make adjustment in accordance to changes in market situations. The written plan is a working document which shows work in progress and information and knowledge one acquires during the planning process. It is a mental plan to shift when-ever the situation changes.

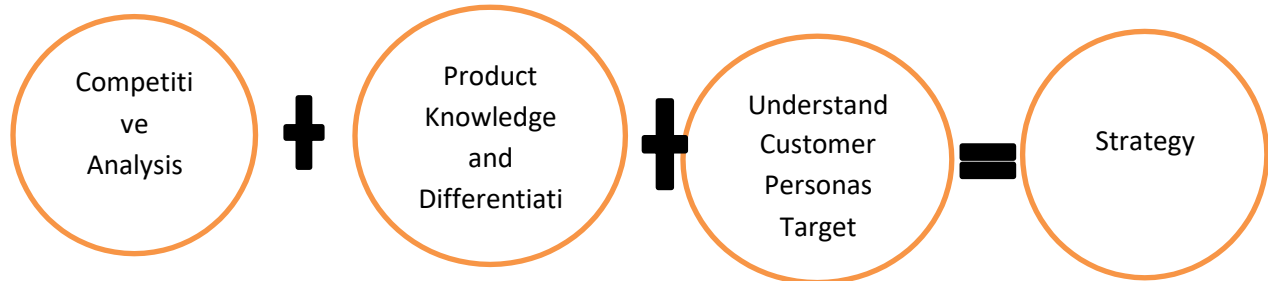


Figure 2: Marketing Strategy Development

Source: Durgan, A (nd),

Competitive Analysis is analysis that demands quick answer to project strengths weaknesses, opportunities and threats. It is extensive because it identifies internal and external factors that affect performance at market place. Position in the Market: a lot of inspirations can be gained by looking inward and out ward and by looking critical views of past and present models to make an informed decision. As a player in the market, first and foremost one most consider whether one is a local, regional or global competitor. This is the basis for start off to study the differences and similarities and mapping out strategies and understanding marketing shares.

Product Knowledge and Differentiation is the process of differentiating one product or service from others. Very often it may be very attractive to particular markets and can be very effective to marketing in identifying differences between features, benefits and values. Target Market involves knowing your customer (KYC) helping them to understand the feelings, social life and behaviors of your customer. In the product planning process, the knowledge of your customers will fashion values for product and services to the target market.

Market Segments demands that a larger scale the segment is divided into local, regional and international. On the other way round loyalty could be built through segmentation of channel of distribution, industry, sectors, geographical territory and much more semi local markets. Which-ever comes first will depend upon the market share and competitiveness of the market plan process.

Under development of Market Context

Production Orientation of the Economic Planners: Ifezue (2005) has noted why market context is under-developed as follows: Production Orientation of the Economic Planners wich according to him, in a developing economy, Literally, marketing does not hold a meaningful fulcrum in economic planning process. Planning is carried out by production-oriented personnel before ever marketing comes in. Ifezue (2005) in McCarthy (1963) noted that emphasis is often placed upon the development of techniques for increasing production and production efficiency. To put it succinctly, production comes first before marketing of the distribution system. The economic planners failed to realize that production without

outlet for sales amount to zero productivity. Improvement of peoples' lives, investments, increase in GNP and other economic indicators will be counter-productive. Ifezue (2005), reinforced this position in Rostow (1990) who argued that distribution tend to be ignored as an inferior kind of economic activity. The policy economists hardly give attention to problems of distribution as much as it gives to production.

However, there is a strong opinion that production should take a center stage in economic development before the level of consumption and distribution becomes a problem. The argument is not forth coming. Right from the inception of project planning, all facets of marketing the goods and services must be made to facilitate the value chains of the products where-by some of the products become by-products and raw materials. Assuaging this situation, Ifezue (2005) has made the following observations:

“Nigeria imported several thousand bags of fertilizer without making adequate provision for sale and distribution of the product. Consequently, the planting season was over before the majority of the farmers actually had the opportunity to get a supply. The farmers who could have increased their productivity substantially were not provided with needed educational programs and technical assistance so that the product can be used to their best advantage.

“Again, the price of fertilizer rose by over 50% of the controlled price as purchasers had to pick up their fertilizer from the government warehouses and transport it to their farms. While the government houses were filled with overwhelming inventory, there was a severe shortage of fertilizer all over the country including some areas that are known to be close to those warehouses”.

Intangible Nature of Marketing: According to Moyer (1962), another draw-back on the general neglect of market context is that it is intangible and difficult to quantify compared to production “where accurate quantitative information is important for planning purposes”. As skill marketing is an intangible product, it is very difficult to transfer. To exemplify, a manufactured machine in Japan can be imported to Nigeria for effective use but the marketing skill in Japan may not be appropriate to market the product in Nigeria because of culture influence and life style.

The Influence of Import Orientation

The influence of import orientation can also influence the marketing system to the extent that the characteristic and development of the country's marketing system is a reflection of the general business practice. It is obvious that in-appropriation given by technical aids has contributed to the failure of marketing systems in the developing countries. The United States has virtually ignored the problems designed for solution in developing countries. Westfall (1960) gave some insight of US uncooperative policy. As stated in Ifezue (2005), firstly they are more concerned with production than consumption in developing countries and secondly marketing is seen in many cultures of developing world is considered wasteful, hence any one engaged in it is regarded as a nuisance. That is why utilities such as advertising, product planning and innovation construed under query in developing countries.

Marketing Relevance in Developing Economy

Agriculture is the root of development; it provides for human consumption and raw materials for industry. It lacks marketing settings to get to the final consumers. Yet, the application of marketing broadened in 1969 by Kotler and Levy (1969) made lucid the concept of marketing. That opened flood gate of

marketing. As contained in Jones and Bartlett Learning (nd) that marketing concept became recognized as service and tangible products and canvased exchange as a measure of marketing activities. Viewing the concept, the People's University has therefore, compiled the following as relevance of marketing in developing countries:

Marketing and Planned Economic Growth: Situates and characterizes the developing economy as prudent to scarcity of essential goods, services and ideas and fashions the minimum effort required of marketing. Further, the economic situation in a developing country is inflationary, price trends and excessive unemployment. To begin with, a minimum effort is required of marketing since most of the resources have to be mobilized for additional production of goods and services resulting in economic development and growth. **The View of Marketing:** Marketing effort is viewed in two ways, by the state or the firm. If it is by the state, the government does that through regulatory policies, such as setting floor price of grains and industrial goods and setting maximum price of scarce consumer goods.

General Role of Marketing in a developing economy: In the context of relevance of marketing in developing economy, there are more general of marketing, namely stimulation of aggregate demand which enlarges the size of the market and motivates the worker to work harder and earn more income to be able to buy various ideas, goods and services for satisfaction of his household. It accrues, accelerates, magnetizes the economy and facilitates the transfer of investible resources.

Entrepreneurial Role of Marketing: Another is discovery of entrepreneurial talents. This is another role marketing does to discover entrepreneurial talents. Peter Drucker, a command in marketing had made this very clearly in most of his writings when he succinctly declared that "marketing is a multiplier of managers and entrepreneurs".

Marketing Generates Employment: Marketing in developing countries helps to sustain and improve the existing levels of employment, just as when a country advances, it takes more people to distribute goods and services and more intake in production process and related services of transportation, finance, communication, insurance and others that spring up around it. **Marketing Facilitates Ease of Distribution:** Sectors such as agriculture for food grains and raw materials, basic industries for steel and power and mining and plantation call for marketing effort for distributing the output and for minimal development, packaging, storing and physical distribution in which forecasting at national level requires marketing functions in this sector. **Marketing Efforts in Foreign Trade and Leisure:** In respect of export trade and services such as tourism and marketing, the level of marketing effort should be on the peak if the much-needed foreign exchange and savings are to be realized.

According to Kotler and Zaltman (1971), marketing is the design, implementation and control of programs calculated to influence the acceptability of social ideas and involving the consideration of product planning, pricing, promotion (communication), place (distribution) and marketing research. Understanding social marketing will require the examination and applicability of marketing mix.

Conclusion and Recommendations

Presently, the marketing outlets in developing countries are oligopolistic. The farmer finds it difficult to fix prices of commodities. Both large and small firms can get gain from an examination of the context of marketing. For small firms the possibility of gaining marketing access to resources they normally would find prohibitive is appealing. It shows also the potential for state involvement in developing marketing

role. However, managing a diversity of marketing context is not without risks. A small firm for example, could be exploited by larger partners or its resources dissipated in a network. Firms can equally lose their autonomy when cooperating. The implementation of the challenges of marketing in a developing economy remains as well the opportunities they represent. A competitive quality marketing system is not only important in the domestic market but much more in the international market.

The study is posed to make the following recommendations to obviate the challenges of marketing in developing economies:

1. The marketing techniques and institutions need to be strengthened to be efficient and effective in terms of cost and time.
2. Value chain infrastructure should be steam-lined to avoid waste, spoilage and accumulation of unusable inventories. Cost center for each of these should be established.
3. Efforts should be made to increase productivity and purchasing power of consumers via creation of mass markets on the long-run solution.
4. Standards, specifications and quality control policies should be imposed on the producers in order to stimulate production, development and growth. For checks and balances, reward the efficient and penalize the inefficient.

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